Rural Rehabilitation

in Region IV

U.S. DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

RURAL REHABILITATION IN REGION IV

These few pages are intended to describe the work of the Farm Security Administration, U. S. Department of Agriculture, in the 5-state region--Kentucky, Tennessee, Virginia, West Virginia and North Carolina.

Raleigh, North Carolina
February 15, 1938

The Task

During the depths of the depression, more than 1,000,000 farm families were in urgent need of relief. Many had been ruined by floods or drought; all had suffered from the general paralysis of business. The majority also were the victims of deep-rooted evils in our farm economy--years of ruinous crop prices, unscientific tillage practices, a heavy burden of debt, unsound tenure systems and destruction of the soil by long-neglected erosion.

It obviously would have been wasteful and unwise to carry these five million people indefinitely on direct relief. The government has tried, therefore, to help them get a new start as self-supporting farmers. It has done this by making them small loans, under careful supervision, for the purchase of seed, tools, livestock, and other equipment necessary to carry on farming operations. This work is now carried on by the Farm Security Administration, successor to the Resettlement Administration.

The Method

Credit is coupled with regular advice about managing the farm and the home. The farmer gets the leverage of a small capital sum and what hp learns about better farming helps him to pay it back. When he has paid his loan, he keeps what he has bought, and what he has learned.

DOES MORE THAN MAKE LOANS. Rehabilitation is not simply lending money. It brings sound farm and home practices and planning to a group of farmers who have needed them most. County supervisors, practical dirt farmers trained in farm management, visit the families who get loans, plan out the year's work, talk over each season's problems, and help raise the farmer's earning power.

FSA LOANS UNLIKE OTHER LOANS. The money is loaned only to thrifty, reliable farm people who cannot get credit from banks or other sources. No loan is made unless the farmer agrees to work in cooperation with the county supervisors.

THREE KINDS OF LOANS MADE. Rehabilitation loans, group loans and tenant purchase loans.

Rehabilitation loans are made to farmers, whether owners or tenants, who are on land that will produce a reasonable living. The loan usually is enough for making a crop and buying the needed livestock, farm tools, and jars and cookers for home canning. The interest rate is 5 per cent, and farmers have from 2 to 5 years in which to pay the loan.

Group loans enable small groups of farmers to buy heavy farm equipment, pure bred sires and other services which the individual farmer could not otherwise buy. Most of these loans are made to one farmer in the group, known as the master borrower, who agrees to rent the service to his neighbors.

Tenant purchase loans help farm tenants to become owners. Money is loaned to buy land and build or repair houses. The full value of the farm and improvements may be borrowed. This makes it possible for a hard working, reliable tenant, unable to buy a farm with other credit help, to become an owner. Preference is given to tenants who own their own tools. A county committee of three farmers picks the applicants most likely to succeed as farm owners and appraises the farms they want to buy. The borrower agrees to follow good farming practices, and the loans are based upon sound plans figured on the earning capacity of the farmer and his farm. He has 40 years to pay for the farm at 3 per cent interest.

Money to buy farms is limited at present to a few counties in each state, and to not more than 10 tenants in any one county. (See list of counties, page 14) Congress has authorized larger appropriations for this purpose in the future. About 400 tenants will get land money in this region this year from the first funds voted by Congress. On February 15, less than two months after the first blanks were sent, 4,000 applications had been made.

Progress Made

The best way to measure progress is to see what each borrower has done. FSA supervisors work with families one by one. What is great progress for Jim Jones would hardly be worth counting for Sam Smith. An outdoor sanitary privy may mean more to the Jones family than an up-to-date bathroom to the Smiths. The purchase of a mule means as much to a man who has no workstock as a reaper and binder mean to some other farmer. Fifty dollars in dental work

for a mother in bad health can do more for the happiness and success of that family than a much larger loan to some other family. Progress speaks louder when measured by the happiness and hope to carry on which has been built up in the lives of individual families.

Although these few pages can not picture the families one by one, a careful study of the whole group, as found in county supervisors' records from the 470 counties in the region, shows that progress has been made;

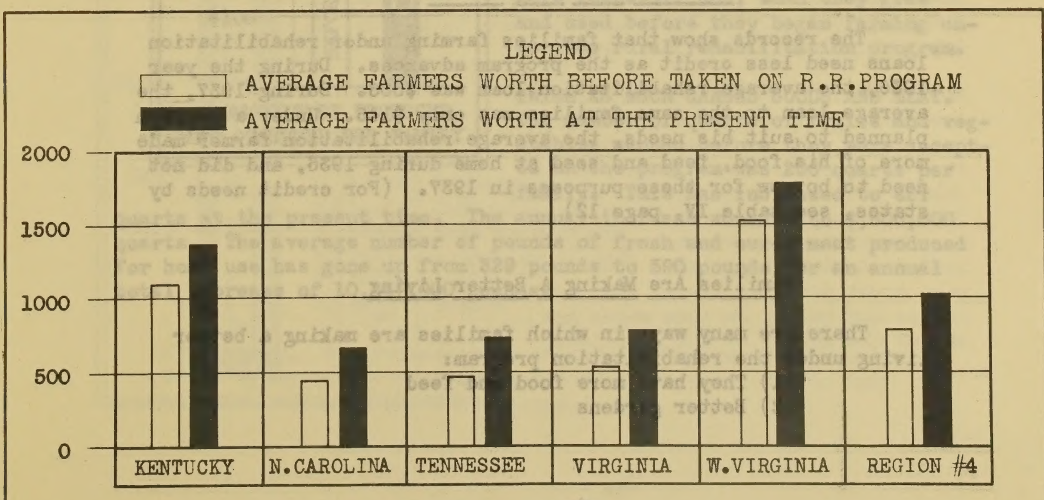
1) Families are repaying their loans
2) They are worth more than when they came on
3) They need less credit than when they started
4) They are making a better living.

Families Pay Back Their Loans

There are 38,392 farm families, or about 230,000 men, women and children, farming under the Rural Rehabilitation program of the FSA in the region. To December 31, 1937, the sum of $14,286,000 had been lent. Repayments are spread over periods ranging up to five years. On December 31, $4,726,000 had been repaid. (See tables I, II and III, pages 11 & 12)

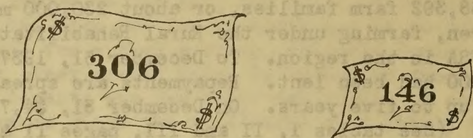
Families Are Worth More

The 38,392 regular rehabilitation families are worth $10,000,000 more than they were when they started to farm under this program. The average rehabilitation farmer is worth, over and above all indebtedness, $262 more now, than when he started. (For exact figures by states, see table VI, page 13)



This increase in net worth did not just happen. It is the result, not of better credit alone, but of better planning and farming methods. Each farmer follows a plan, worked out with the aid of the county supervisors to suit his own needs. He and his wife are guided in using the best methods of managing the farm and the home, as proven by the Agricultural Experiment Stations, the Extension Service and practical farmers who have already made a success.

The increase in what the farmer is worth is made up of such things as hogs and cows, canned fruits and vegetables, dried fruits and vegetables, sweet potatoes, molasses and meat saved for home use, better clothing, better workstock, better farm and home equipment. In some cases, the farmer has been able to make payments on his mortgage and owes less on his farm.



LOANS NEEDED IN 1936

LOANS NEEDED IN 1937

Families Need Less Credit

The records show that families farming under rehabilitation loans need less credit as the program advances. During the year 1936, the average rehabilitation loan was $306. During 1937, the average loan to the same families was only $146. Under a program planned to suit his needs, the average rehabilitation farmer made more of his food, feed and seed at home during 1936, and did not need to borrow for these purposes in 1937. (For credit needs by states, see table IV, page 12)

Families Are Making A Better Living

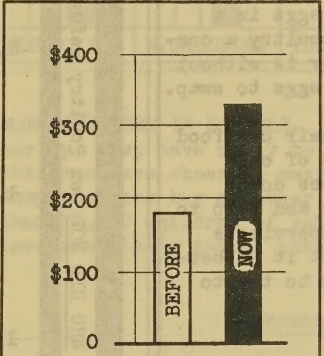
There are many ways in which families are making a better living under the rehabilitation program:

1) They have more food and feed
2) Better gardens

3) More cows and hogs
4) More milk and butter
5) More chickens and eggs
6) More workstock
7) More children in schools

FAMILIES HAVE MORE FOOD AND FEED. Before they came on the program, rehabilitation families in the region harvested 400,000 acres of feed a year. Last year, the same families grew 700,000 acres. Before they came on, many families did without food which could have been grown with little cost, except labor; others were in the habit of buying food and feed which they are now growing themselves. Growing more food and feed lets the wife set a better table, and cuts the cash needs; or allows loose money for clothes and medical care, which otherwise would have gone for food. Before they came on, many families were without adequate gardens. Now, every family has a good garden and is learning each year to make it better.

EIGHTY PER CENT MORE FOODSTUFF. About $329 worth of foodstuff is grown and used by the average rehabilitation family now, as compared with $182 worth before they were taken on the program. This is an 80 per cent increase. It also means that the families did not have enough to eat before coming on the program, or that they had to buy it with cash. If they bought it with cash, then it is likely that they had to be given direct relief or that they were eating up their property by going in debt for food.



COMMODITIES PRODUCED AND CONSUMED PER FAMILY

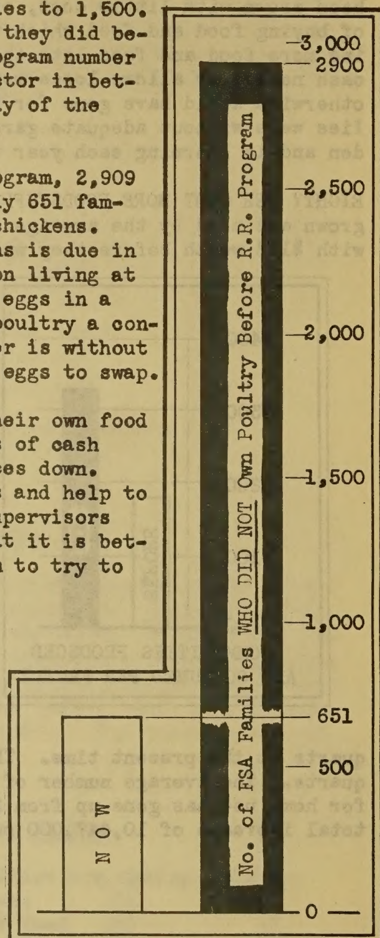
The families in the region are growing and using $5,800,000 a year more foodstuff now, than they grew and used before they began farming under the rural rehabilitation program.

TWICE AS MUCH CANNED GOODS AND MEAT. The number of quarts of fruits and vegetables canned before they were accepted on the program was 206 quarts per family. This has increased to 421 quarts at the present time. The annual increase amounts to 8,606,000 quarts. The average number of pounds of fresh and cured meat produced for home use has gone up from 329 pounds to 590 pounds, or an annual total increase of 10,447,000 pounds.

MORE HOGS. The number of families without hogs has been reduced. The records show that 9,800 families had no hogs before being accepted on the program. Now only 2,200 families do not have hogs. Meat is a big part of the food supply, and FSA supervisors try to get all families in the habit of raising their own. Families without hogs are helped to get started, but are warned that they cannot continue to borrow money for food.

FEWER FAMILIES WITHOUT COWS. There is still a long way to go in livestock improvement in this region, but the number of families without milk cows has been cut from 7,500 families to 1,500. The families who own more cows now than they did before they started to farm under this program number 13,600. Milk cows have been a great factor in bettering the health of families, especially of the children.

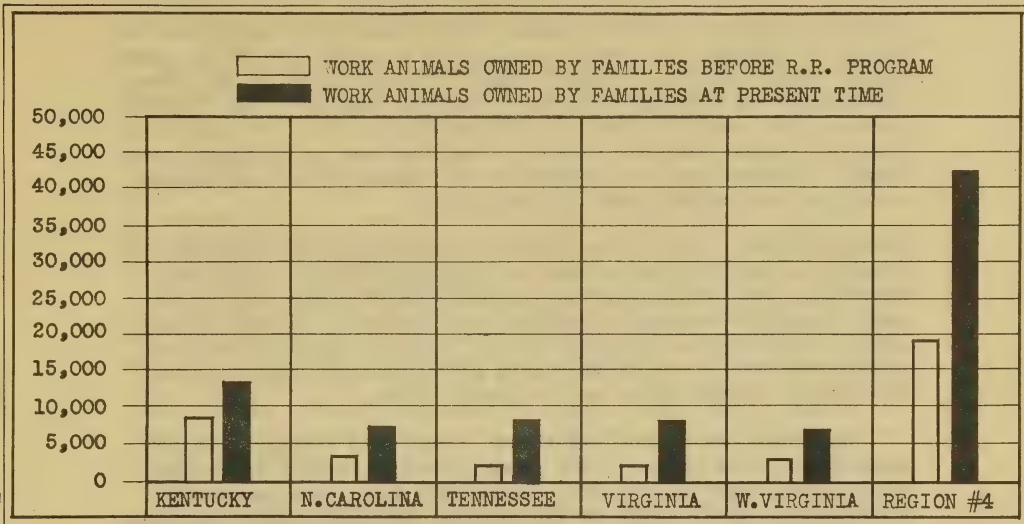
MORE CHICKENS. Before coming on the program, 2,909 families were without chickens; now, only 651 families in the entire region do not have chickens. The increase in the ownership of chickens is due in part to the stress laid by this agency on living at home and the importance of chickens and eggs in a well-balanced diet. Farmers also find poultry a convenient source of cash income. No farmer is without sugar and coffee, if he has chickens or eggs to swap.



Families are learning that by growing their own food and feed, they help to avoid the surplus of cash crops which tends to keep cash crop prices down. Food crop acres displace cash crop acres and help to keep cash crop prices up. The county supervisors have been able to show these farmers that it is better to grow their own food and feed than to try to buy it with low priced cash crops.

MORE WORKSTOCK. Work animals have increased from 19,000 to 45,000. This has helped many families to step up from cropper to tenant status, and to take a part in the management of their farms. The program also has helped many small land owners to buy workstock needed to till their land. The families take great pride in owning their own horses and mules, an item which has raised the morale of the families.

Adequate workstock has enabled many families to put on a complete farming program, go in for crop rotation and make better use of their labor.



MORE CHILDREN IN SCHOOLS. When farm fathers and mothers gain security, they have money to buy things their children need. The children have shoes to wear. They have clothes to keep them warm. They meet the bus as other children do and are off to school. More than 22,700 children of rehabilitation families in this region have increased their school attendance.

Farming Right

Rehabilitation farmers are using improved practices. They are farming right with:

1) Better seed
2) Better livestock
3) Better community co-operation
4) Better debt arrangement
5) Better attention to soil
6) Better leases
7) Better tenure

BETTER SEED. Supervisors have encouraged borrowers to use improved seed, with a noticeable increase in yield, and in many instances a better price for crops.

BETTER LIVESTOCK. Stress has been laid on livestock improvement. Group loans have brought pure bred sires to a large number of FSA families who otherwise would not have been able to purchase them.

COMMUNITY SERVICE CENTERS. Small group loans, or simple service loans, to "master" borrowers have been a popular form of co-operation. Under this plan, small groups of rehabilitation and other low-income families agree to pay a service charge to the "master" borrower for use of a sire, reaper and binder, or other service. Thus far, 8,000 families have used services set up by these group loans. Fifteen larger co-operative or community service centers have also been established in the region.

DEBTS ADJUSTED. In a large number of cases, farmers applying for rehabilitation assistance were so completely sunk in debt that they could not be accepted in accordance with their ability to pay. Usually a workable plan has been agreed to by both debtor and creditor without going to court. In many cases, farms have been saved from foreclosure, debts put in current condition and the farmer started again on the upward climb.

Voluntary Farm Debt Adjustment committees working with farm supervisors have helped 2,633 rehabilitation farmers by working out friendly debt agreements. Committees have been successful in adjusting 5,497 cases in the region, including rehabilitation and non-rehabilitation farmers. The total net reduction amounts to $3,010,000. These adjustments resulted in the payment of $218,000 in back taxes to the local government units. (For debts adjusted by states, table V, page 13)

IMPROVING THE SOIL is another way FSA supervisors help rehabilitation families get ahead. A farmer may work his heart out, but if the land he tills isn't as good as it can be made to be, his crop will be short, and he is disappointed at the end of the year.

Run-down soil explains why many of the families came to the county supervisor for help. Banks and time merchants, to whom the farmer went for help, figured the credit risk on what the farm would earn when the first crop was gathered. The FSA figures on what the farm can be made to do in five years. If the land is not too far gone; if there is a chance to bring it back by the use of good farming methods, the county supervisor may take the farmer on and help him to build the fertility back into his soil.

He helps him to rotate his crops, to drain his land, to build terraces, advises him in the use of cover crops to save the soil

from leaching, using legumes as a soilbuilder and ground limestone to sweeten and add fertility to soils hungering for such treatment. The farmer may need more fences, or more barn space, to care for more cows, for a better balanced program and to make more rough manures to spread on the land.

These are some of the ways the FSA is helping the farmer to earn more by making the land produce more; and these are some of the things the FSA lends money to help him do.

Every farmer is not in a position to use each type of help which the FSA offers. Some are "one-year" farmers. Soil improvement is not a one year task. It is continuous. It must go on from year to year. Lime spread on the land lasts for several years. No farmer gets more than a mere fraction of the use of a terrace, or a pasture fence during the first year. Hence, the farmer who does not know whether he will be allowed to stay on the farm for any length of time may expect one kind of help, and the farmer who knows that he will stay for a number of years may expect another. More can be done for the farmer who owns his land, or has a long time lease, for he is expected to remain on the land long enough to reap the benefits and to pay back the money he borrowed.

This brings us to another farming practice which the FSA has stressed--a wide open field for progress and, in fact, a key to the Farm Security Administration goal.

BETTER LEASES. Fifty per cent or about 19,000 of the rehabilitation farmers in this region are tenants. A study of their farm records shows that 14,520 farmers have improved their tenure in one way or another since they came on the rehabilitation program. A large number have been able to negotiate a written lease with their landlords instead of a verbal agreement. Some have advanced from the status of farm laborers or sharecroppers to tenants who own their teams and tools. Others have moved to better farms. Many have managed to get longer leases with renewable clauses.

REHABILITATION LOANS ENCOURAGE LANDLORDS AND TENANTS TO WORK TOGETHER. FSA supervisors see clearly the leading part that is still to be played by better leases and better landlord-tenant relations. They know that a farm program to do well

must last longer than one year. They know that no tenant can do his best farming a year at a time with no hope of reward for the improvements he makes. And they know that the landlord can not expect to get the best returns, if his farm is not farmed right--if it is not tended under a long-time program on terms that will make the tenant want to do his best and that will cause both landlord and tenant to feel that they have something in common to work for.

The rehabilitation loan program gets the landlord to work with the tenant and the tenant with the landlord. In the words of the Secretary of Agriculture, the objective of the FSA is "to establish types of farm tenure that will result in greater security for both landlords and tenants". The wise landlord does not want his farm to go down. He wants it kept up. He wants his soil improved. He wants his buildings and fences kept in repair. The rehabilitation tenant may get credit and helpful advice about doing these things, if a long time lease is given him, or if some practical plan is agreed upon to pay him for what he does.

FSA supervisors are not only pleased with the progress made by the families with whom they have worked; they are also happy in the thought that what they themselves have learned, in helping low income families to do better farming, will make it possible to show even greater progress as the work goes on. They have learned that real success comes only through helping farmers, one by one, to farm right. They have also learned that no one thing can bring this about, but that the encouragement of landlords and tenants to work together for their own good will mean much.

Their experience has convinced them that the regular rehabilitation loan is an effective lever to bring landlord and tenant together in the adoption of better leasing arrangements. As the program becomes more widely understood, more and more landlords will see that it is to their interest to join hands with the tenant and the county rehabilitation supervisor in the upward climb.

TABLE I

FAMILIES HELPED BY RURAL REHABILITATION PROGRAM TO DECEMBER 31, 1937

	TOTAL NO. R.R. FAMILIES HELPED		TOTAL
	NOW SUPERVISED	REPAID RR LOANS IN FULL	
KENTUCKY	7327	351	7678
NORTH CAROLINA	8735	500	9235
TENNESSEE	8208	239	8441
VIRGINIA	7214	305	7519
WEST VIRGINIA	6914	243	7157
REGION IV	38392	1638	40030

TABLE II

TOTAL REHABILITATION LOANS AND REPAYMENTS FOR REGION IV TO DECEMBER 31, 1937

KINDS OF LOANS	TOTAL LOANS	TOTAL REPAYMENTS	PERCENT REPAID
FARM SECURITY ADMINISTRATION	$11,065,196	$3,682,337 *	33%
STATE CORPORATION	3,221,088	1,043,934	32%
TOTAL	$14,286,284	$4,726,271	33%

*This figure includes prepayments credits of $365,402 or 7% of installments not due.

TABLE III

TOTAL REHABILITATION LOANS* AND COLLECTION BY STATES

	LOANS	REPAYMENTS	% REPAYMENTS
NORTH CAROLINA	$3,465,861	$1,704,865	49
KENTUCKY	2,489,895	515,152	20
TENNESSEE	2,911,147	1,177,211	40
VIRGINIA	3,230,369	891,587	27
WEST VIRGINIA	2,189,010	437,454	19
TOTAL	$14,286,282	$4,726,269**	Av. 33

*These figures include both loans made from State Corporation funds up to November 30, 1937, and Farm Security Administration loans from the beginning of the program to December 30, 1937, but Corporation funds not included for N.C.

**The lending activity for 1938 started early in the fall of '37. The total amount lent to December 31 includes some money advanced for the 1938 crop. A large part of the 1937 crop had not been marketed at the end of December.

TABLE IV

ANNUAL CREDIT NEEDS BY STATES

	AVERAGE LOANS - 1936	AVERAGE LOANS TO SAME FAMILIES - 1937
KENTUCKY	296	133
NORTH CAROLINA	261	203
TENNESSEE	285	88
VIRGINIA	345	155
WEST VIRGINIA	342	151
REGION IV	306	146

TABLE V

FARM DEBT ADJUSTMENT REPORT - SEPT. 1, 1935 - DEC. 31, 1937

	RR CASES	TOTAL CASES	DEBT. RED.	TAXES PAID
KENTUCKY	362	1059	$591,117	$15,563
NORTH CAROLINA	539	1253	853,483	77,067
TENNESSEE	527	1130	253,642	47,696
VIRGINIA	1003	1284	737,537	23,036
WEST VIRGINIA	202	771	574,996	54,674
TOTAL	2,633	5,497	$3,010,775	$218,036

TABLE VI

INCREASE IN AVERAGE FAMILY'S WORTH

	BEFORE COMING ON THE PROGRAM	AT END OF 1937	AVERAGE INCREASE
KENTUCKY	$1,079	$1,369	$290
NORTH CAROLINA	433	646	213
TENNESSEE	463	707	244
VIRGINIA	571	804	233
WEST VIRGINIA	1,511	1,837	326
REGION IV	811	1,073	262

NOTE: In Kentucky and West Virginia a larger percentage of farmers helped are landowners.

COUNTIES NAMED FOR TENANT PURCHASE LOANS IN REGION IV

Counties designated in the five states of this region in which tenant land purchase loans will be made prior to June 30, 1938, are as follows:

Virginia - Accomack, Bedford, Caroline, Halifax, Mecklenburg, Nelson, Scott and Southampton.

West Virginia - Berkeley, Gilmer, Jackson and Marshall.

North Carolina - Caswell, Chatham, Cleveland, Edgecombe, Guilford, Franklin, Henderson, Hertford, Iredell, Madison, Onslow, Orange, Richmond, Robeson, Washington, Wilkes and Union.

Tennessee - Bradley, Fayette, Fentress, Greene, Haywood, Lawrence, Loudon, McNairy, Montgomery, Putnam, Rutherford, Shelby, Tipton, Wayne and Weakley.

Kentucky - Ballard, Barren, Calloway, Daviess, Fleming, Johnson, Logan Madison, Pendleton, Pulaski and Shelby.

The above counties were recommended by State FSA Advisory Committees on the basis of prevalency of tenancy and the availability of farms in the several counties.

ALLOTMENTS OF FUNDS FOR TENANT PURCHASE LOANS

(For year ending June 30, 1938)

REGION IV:	$1,591,619
Virginia	213,967
West Virginia	99,815
North Carolina	527,586
Tennessee	416,191
Kentucky	334,060

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